

# CUNARD LINE

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## Task 1 -

### 1.1

Marketing is a key tool which enables a business or an individual to elaborate on the importance of a service or a product. The key to successful marketing is making the customer want the product and create the desire in the mind of the customer to buy. There are various factors which have to be in perfect synchronization for a customer to be convinced with respect to the utility of the product and ultimately making him pay (Zeithamil, 2002).

The key concepts of marketing can be classified into:

Needs, wants and demands:

The marketing life cycle of any product starts with the creation of a need. The need can be defined as a deprivation felt by a human being. These needs can be classified into social, physical and emotional needs.

Needs lead to wants, which are shaped by a person's life style, his current need. These factors shape an individual and play an effective role in the marketing cycle.

Demand however is what triggers a decision to buy from the customer which results in closing of a deal. Demand is nothing but a want which is backed by the power to buy. Hence there is intention to buy as well as the mindset to buy which completes the buying process (Gronroos, 2004).

#### **Products:**

Products in the market can either be a regular object which is sold in the market or a service which is being offered by a company or an individual. The product forms one of the 4Ps of marketing and is the core part of the marketing as it is around the product that the entire marketing communication and strategy is built and the ultimate aim is to sell the product/service.

#### **Value and quality:**

In today's modern world, customers are faced with an array of choices and offers from various sellers both offline and online. It is important for a buyer to offer variety and add value as a buyer to the product that he is selling to ensure that he is able to retain customers and demand a greater share of their wallet (Vargo and Lusch, 2004). Cunard Line have given significant emphasis on customer satisfaction, total quality management in order to retain

their existing customers and would also help in building good word of mouth which would facilitate in developing new customers (Brassington, 2007).

## 1.2:

The term marketing environment could be explained as the various factors and forces that helps in developing good relations with the customers. Market environment has main three levels i.e Micro (internal) environment – this comprise of the small factors within an organization that influence its capacity to serve its customers, Meso environment comprises of the mediators that facilitate promotion, distribution and sale of goods, it could be explained as the industry where company functions and industry markets, Macro environment comprises of the societal factors that influence the micro environment it comprises of the natural factors, economy, technology and political factors. . A product bought can be divided into two types, the market place which describes the physical markets and market space which describes the online markets where customers buy and experience products and services online (Gronroos, 1994).



### 1.3:

As shown in the figure above, Cunard line has propagated the development of a strategy to market its product, which is followed by developing a strategy and defining specific tactics and targets which need to be achieved to reach the defined goal. Based on these factors, Cunard line has developed various modes of communication, online marketing, ad campaigns (Rust et. Al., 2006). These are implemented as per schedules and are tested on the target groups for whom the ad is decided. The effectiveness of the campaign is measured real time by correlating the ad spends to the actual sales that have occurred or the total number of enquiries that have been generated. Based on the specific measures, Cunard line has discontinued the parts of the campaign which were not doing well and replaced to put in place an improved set of strategies to better attract the customers, and the cycle thus goes on as shown in the figure.

### 1.4:

Cunard Liner is a luxury shipping company based in the UK. The main objective of Cunard line is to diverge from its initial target of providing the travel services and develop a new role of offering luxury Vacations. The company being a 5 star luxury cruise liner relied on word of mouth and direct marketing to keep its client based feeling special and affluent. However Cunard realized that with the advent of information technology, it is not possible to keep a business totally offline no matter how premium it is (Beston and Hoffman, 1991). Hence Cunard created a website which accepted bookings and gave a glimpse into the cruise ship. Given the 5 star status of Cunard, the company wanted to do something special on its website, so it started broadcasting live feeds from its cruise ships on its websites so that customers could get a feel of the various facilities available on board before making a decision to book a cruise on the luxury liners (Gronroos, 2001). The Cunard line has a competitive edge over its competitors as it in market for a very large duration i.e since last 150 years.

## Task 2 –



**2.1:** The four Ps form the foundation for the marketing mix. However from the service perspective the four Ps are not enough to completely analyze all factors which are critical to a product's success. These seven crucial factors are shown in the image above.

**Product:** The product still forms the core of the entire marketing activity. From the service marketing point of view, the technology, ease of usage, packaging of the service, presentation forms a critical part of the product. Since the product in service marketing is not tangible other aspects become crucial for the success of a product.

**People:** People make are break the service industry as hospitality needs to be personified by the management and the employees so that the overall product is perceived to be of high value.

**Physical Evidence:** Since the service is not tangible, the facilities provided, the infrastructure, photographs and other such evidences become crucial factors which help customers decide on the value of a service.

**Process:** There is process to a service. For instance deserts need to be served only after the main course, process make sure that there is a order of things which makes the guests feel comfortable. This is exclusive to the service marketing and is a critical issue (Petrick, 2004).

**Promotion:** Like any other product, services also need to be promoted. These are done through campaigns, mailers, direct marketing etc. However, since the service is not tangible free trips and celebrity guests are a common practice to reinstall the faith of the customers.

**Place:** A service needs to be conveniently located. For instance a taxi service needs to be close to a mall or hospital rather than the suburbs to ensure it attracts maximum customers.

**Price:** There are many price sensitive markets and to penetrate them, Cunard line has given due attention to pricing. Though customers are willing to pay a premium for luxury services, the company should ensure that the slandered of the service is maintained to justify the costs that are being changed (Teye and Leclerc, 1998).

## 2.2: `

### **Alternate Pricing:**

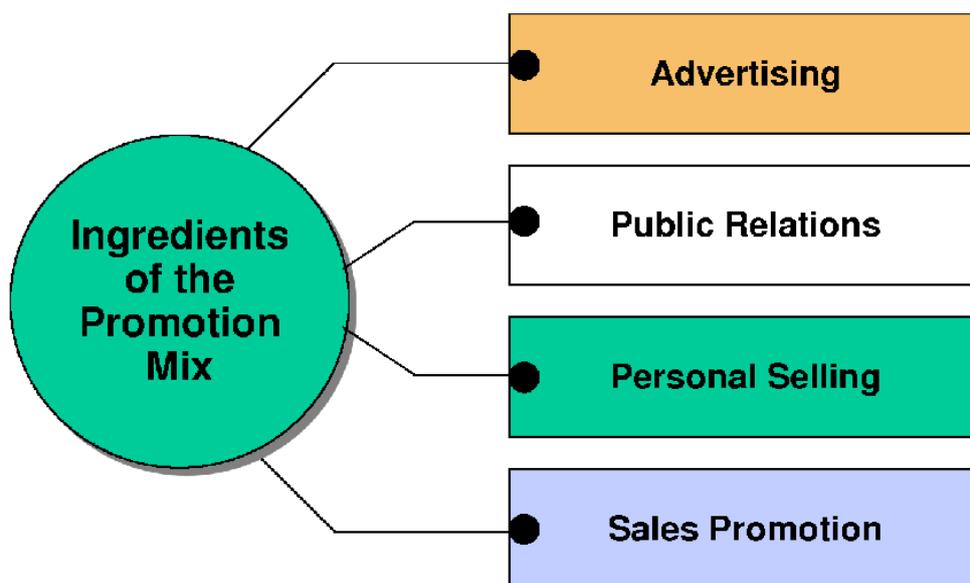
The hospitality industry is affected seriously by natural calamities, weather conditions as well as global economic conditions. To ensure maximum occupancy, all major hospitality companies take up alternate pricing to minimize opportunity cost. This is done by taking bookings at different prices at different costs. The prices are fixed based on historical demands and the schedule of holidays. Companies also offer subsidies for early bookers and regular bookers. All of these are done to strike a balance between optimum profits and maximum occupancy. Instead of pricing services in a regular fashion and selling each seat at a regular cost, alternate pricing helps Cunard optimize its operations (Kotler et. Al., 2004).

Cunard uses yield management to overcome the challenges in filling up its seats. The key principle in yield management is that each customer will be willing to pay a different price for the same service. By mathematical modelling and taking in historical data, Cunard firstly

offers its seats at a very low price which are typically about 8 months prior to the departure date, as early planners expect a discount. As the date of departure draws closer, Cunard starts increasing its price at intervals based on the number of seats that are left over and the number of days left for departure. At any point of time the ultimate motto of yield management at Cunard is to ensure that there are no empty rooms in the cruise and they have milked the maximum revenue. Over the years yield management has penetrated almost all industries with perishable services (Blattberg and Deighton, 1991). Cunard has been a pioneer in using technology and has embraced yield management and mastered it for a long time. There are also special offers for regular customers and bulk bookers in the algorithm to maintain the balance between occupancy and revenues.

### Task 3 -

#### Elements of the Promotion Mix



### 3.1:

Promotion of companies is critical in today's world to get recognized. The entire concept of yield management, pricing and all other support functions fall flat if enough people are not aware of the service in the first place. Few companies have built the reputation over the years and just word of mouth ensures that their reservations are full every time. Majority of the companies however are not so lucky. Hence an elaborate promotional strategy becomes necessary for the companies (Testa et. Al.,1998). This is especially true in the service sector where the companies are competing against time as their marketing initiatives should effectively reach the end customers before the date of the service. In view of this, the service industry usually follows a four step strategy for marketing.

**Advertising:** Here the service companies promote their service by way of ideas which best define their unique selling proposition in the market place convincing customers that choosing their company will be the right choice. The major modes of advertising are television, placement in motion pictures, print ads, banner ads, online ads, and emails. Though there are many modes of advertising in today's world, the traditional advertisements still hold a lot of significance and are used by the majority of the companies (Mc Dougall and Snetsinger, 1990).

**Personal Selling:** While selling expensive services like luxury cruises customers are often faced with doubts. Personal selling helps the customers come face to face with company representatives and clear their apprehensions. From the Cunard line perspective, it helps them to convert enquires into actual sales and thus exponentially increasing their target audience. Personal selling is aided by presentations, sampling, experience blogs and various other factors. Cunard line also gives significant importance to the promotional mix which includes personal selling, advertisement, sales promotion, direct marketing and public relation.

### 3.2:

With the advent of more and more companies into the cruising business, it is important for Cunard to maintain its position as the number one choice for luxury cruises. Cunard has a high brand name, so it should make the uses of this in positioning itself in the market. Given that the Queen Elizabeth II has the distinction of being the finest luxury cruise ship in the world, it becomes imperative to build on this strength and build a marketing campaign for the Queen Elizabeth II (Hudson, 2011).

### **Proposed marketing campaign:**

Keeping in mind the target segment of the Queen Elizabeth II are from the super rich category, a fully fledged integrated marketing campaign will not be ideal. The people in this segment want to feel special. Hence they should be contacted only through direct marketing, high end magazines and other direct touch points like referrals. Any marketing campaign has to be backed by solid data. In the case of the occupancy of the queen Elizabeth II, most of the occupants are over the age of 40, and they are people who have achieved a high status in life and are willing to spend heavily to enjoy the fine luxuries of life. However they don't want to be seen as the older generation, they still want to be considered youthful and energetic. Hence the marketing campaign should target the 40+ well to do customers but the communication should be like it is for younger customers (Marti, 1996).

The marketing campaign will be divided into three different phases. In the first phase, when there is still about 8 months to go for the cruise, to fill the seats which are sold at the base price, a B2B marketing approach will be carried out where companies will be given an option of buying tickets in bulk at the price of \$3000 each provided they buy a minimum of 10 tickets each (Campaign, 2000). The company can use the coupons to reward good employees just before the start of the cruise so that the value of the ticket when the customer receives it will be much higher. This way Cunard sells its base fare seats quickly, companies find a way to keep employees happy and employees are given the reward of sailing on the finest cruise ship in the world.

The second phase will be direct selling where customer referrals and previous customer base will be used to do direct marketing by tele calling and email campaigns. Hot leads will also be visited by the Cunard sales person to convert them into sale. In the second phase, the prices for the cruise range around 10000 to 12000 dollars with about a couple of months left before the cruise date. This way the company will finish of this quota in a quick time (Young and Greyser, 1994). Typically this sale window is much longer as it takes time for customers to make up the price as the price is not very low. Hence this process will improve the speed of sales in this period.

The third phase is the final phase with just about a week left for the departure. The prices of the cruise are trading at optimum at this time. Hence only the super rich can afford it (House et. Al., 2011). At this point the ideal marketing communication happens through the trade magazines and commercials in travel websites. These way new customers are found who have developed a new interest in sailing or want to try it out and have enough money. Hence they will be willing to buy the tickets at a premium.

This way the marketing campaign ensures that the seats are getting filled at all different times. In the yield management cycle, this will ensure that the alternate pricing strategy is also working simultaneously and the balance between revenues and profitability is maintained accurately (McDougall and Snetsinger 1990).

### **3.3:**

#### **Role of sales promotion and public Relation:**

Sales promotion: Promotions are as old as marketing itself. Promotions simulates the market demand for Cunard line and also helps its product or service to get a warm reception in the market. Especially in the case of expensive products, people want to be subsidized for trying the products first. Companies also have a few lucky coupons which are given out to lucky winners at the start of any service. Trade shows and exhibitions are also a popular medium of sales promotion (Snow, 1998).

#### **Public Relations:**

Cunard line also gives significant importance to this technique of sales promotion as it leads to inviting prominent writers and media persons to the launch of products or in case of services, at the launch of a new service and allowing them to experience the service first hand free of cost. These media person in turn write good reviews about the company and the service which reaches millions of perspective customers and thus the company benefits immensely. Companies also endorse their services by placing them in movies, using the property to host important events also giving donations to charity.

## **Task 4 -**

### **4.1**

Cunard has used market research to understand its customer profile and what they look forward on their cruise. They have sampled all their customers on all their ships. The market research has helped Cunard gain insights on the aspirations of this section of the society and what makes them take a cruise on a Cunard ship. Based on this survey, Cunard targets customers better and is able to cater best quality service to them and take care of all their needs and expectations. Market research is important for understanding the market problem, for identifying the opportunities and evaluating the marketing actions (Snow, 1988).

### **4.2**

The marketing research for the Queen Elizabeth II's customers will be carried out on board. The main objective of market research is collect the information related to the marketing problems, data collection process and result analysis. Market research also helps in collecting, analysing, recording the quantitative and qualitative information related to marketing services and products. The basic demographic details of the customer are also taken to map the customer preferences based on the demographics which will help Cunard customize its policies and services to serve customers better (Testa, Skaruppa, & Pietrzak, 1998).

### **4.3**

The various media available for marketing are:

Online: Banners, video ads, and click ads, travel blogs: These ads will help the company gain attention of the customers, especially the ones who are not aware of the services of Cunard.

Offline: TV ads, news paper ads, magazines: These ads target the general population and go for mass appeal, however for luxury product like Cunard activities like direct marketing, placement in travel magazines and high end magazines are the most suitable (Brassington, 2007).

#### 4.4

Evaluation of any marketing plan is crucial for the company to get a grip on whether the money spent for the marketing campaigns are actually yielding results. For a company like Cunard the marketing activities are expensive and need to be tracked for results (Proctor, 2013).

The campaigns can be broadly divided into online and offline campaigns.

The online campaigns are relatively simple to evaluate as we can easily measure the number of clicks a ad gets and if the clicks actually leads to sale. By dividing the amount paid to the online publisher for placing the ads, we can evaluate the how much revenue are being pumped in from the online space.

The offline campaigns are harder to evaluate (Branchick, 2012). However they can be roughly evaluated by checking the rough time period to which the ads are run and how many bookings are received during the interim period. Also when there are special discount offers and corporate offers which are advertised, the number of bookings which are recorded in this offer can be tracked and hence Cunard can understand the returns that are generated on a per campaign basis and streamline its marketing activists (Blattberg & Deighton, 1991).

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